

BIG MEDIA GROUP LIMITED
天下媒體集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8167)

THIRD QUARTERLY REPORT
2006-2007

For the three months and nine months ended
31 March 2007

* *For identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of BIG Media Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Exchange (“GEM Listing Rules”) for the purpose of giving information with regard to BIG Media Group Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The board of Directors (the "Board") of BIG Media Group Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 31 March 2007 together with comparative unaudited figures for the corresponding period of 2006 as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	For the three months ended 31 March		For the nine months ended 31 March	
		2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000	2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
TURNOVER	2	—	2,940	3,546	3,668
Cost of sales		(33)	(912)	(3,276)	(2,138)
Gross (loss)/profit		(33)	2,028	270	1,530
Other revenue		110	41	113	115
Selling and distribution costs		(3)	—	(546)	—
Administrative expenses		(562)	(523)	(1,362)	(1,067)
(LOSS)/PROFIT FROM OPERATING ACTIVITIES		(488)	1,546	(1,525)	578
Finance costs		(919)	(20)	(1,543)	(710)
(LOSS)/PROFIT BEFORE TAXATION		(1,407)	1,526	(3,068)	(132)
Taxation	3	—	—	—	—
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS		(1,407)	1,526	(3,068)	(132)
(LOSS)/EARNINGS PER SHARE Basic	4	(0.67 cent)	1.53 cent	(2.25 cent)	(0.25 cent)

Notes:

1. Basis of preparation

The results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention.

The accounting policies and methods of computation adopted in the preparation of their unaudited consolidated accounts are consistent with those set out in the annual financial statements for the year ended 30 June 2006. The Consolidated results are unaudited but have been reviewed by the Company’s audit committee.

2. Turnover, revenues and segment information

Turnover represents licensing fee income and the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group’s turnover and revenues is as follows:

	For the three months ended 31 March 2007 (unaudited) HK\$’000		For the nine months ended 31 March 2007 (unaudited) HK\$’000	
		2006 (unaudited) HK\$’000		2006 (unaudited) HK\$’000
Turnover, licensing of film rights	—	2,940	3,546	3,668
Other revenues	110	41	113	115
Total revenues	<u>110</u>	<u>2,981</u>	<u>3,659</u>	<u>3,783</u>

The Group is principally engaged in the production of video and films, and licensing of video and copyrights/film rights. Accordingly, no analysis of business segment, the primary segment, is provided.

In determining the Group’s geographical segments, the secondary segment, revenues and results from the sale of videos and video compact discs are attributed to the segments based on the location of the customers and for the distribution of film rights licensing and sub-licensing activities, based on the location of the ultimate markets. As all of the Group’s principal activities were carried out in Hong Kong during the period, no analysis of geographical segment information is presented.

3. Taxation

No Hong Kong profits tax has been provided as there are no assessable profits arising in Hong Kong for the three months and nine months ended 31 March 2007 (2006: Nil).

The Group has no material unprovided deferred taxation for the three months and nine months ended 31 March 2007 (2006: Nil).

4. (Loss)/Earnings per share

The basic (loss)/earnings per share for the three months and nine months ended 31 March 2007 are calculated based on the unaudited consolidated loss attributable to shareholders of the Company for the three months and nine months ended 31 March 2007 of approximately losses of HK\$1,407,000 and HK\$3,068,000 respectively (2006: profit of approximately HK\$1,526,000 and losses of HK\$132,000 respectively) and on a weighted average number of 210,000,000 shares and 136,131,387 shares in issue during the periods respectively (2006: 100,000,000 and 53,699,634 shares respectively).

Diluted (loss)/earnings per share for the three months and nine months ended 31 March 2007 and 2006 has not been disclosed as no diluting event existed during these periods.

5. Share premium and reserves

	Share premium HK\$’000	Capital reserve HK\$’000	Accumulated losses HK\$’000	Total HK\$’000
At 1 July 2005	20,027	17,590	(65,342)	(27,725)
Proceeds/issuing expenses from rights issue	(1,088)	—	—	(1,088)
Loss for the period	—	—	(132)	(132)
At 31 March 2006	<u>18,939</u>	<u>17,590</u>	<u>(65,474)</u>	<u>(28,945)</u>
At 1 July 2006	18,940	17,590	(68,503)	(31,973)
Issuing expenses	(449)	—	—	(449)
Loss for the period	—	—	(3,068)	(3,068)
At 31 March 2007	<u>18,491</u>	<u>17,590</u>	<u>(71,571)</u>	<u>(35,490)</u>

6. Dividends

The Directors do not recommend the payment of an interim dividend for the three months and nine months ended 31 March 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unaudited turnover for the nine months ended 31 March 2007 amounted to approximately HK\$3,546,000 (2006: approximately HK\$3,668,000), representing around 3.3 percent decrease when compared to last year. The amount was mainly due to the distribution income earned through successful launch of the film entitled "Love Undercover 3" since June 2006.

During the three months ended 31 March 2007, the Group completed a fund raising exercise through share subscription which generated gross cash proceeds of approximately HK\$45 million. The capital base of the Group has been improved substantially and such cash has been applied to future investment and working capital of the Group.

Outlook

With the introduction of the new subscribers, the Group's existing distribution network has been greatly broadened and such synergy is expected to enhance the competitiveness of the Group in the industry and expose the Group to a variety of opportunities.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31 March 2007, the interests or short positions of the Directors in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were deemed or taken to have under such provisions of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the shares of the Company

Name of director	Corporate interest	Percentage of shareholding
Mr. Li Kuo Hsing	142,120,000 [#]	43.73%

[#] Mr. Li Kuo Hsing has beneficial interests of 43.73% in Fintage Asia Corporation Limited, which owns 142,120,000 ordinary shares of the Company.

Save as disclosed above, the directors do not have any interests or short positions in the shares of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Share option scheme" below, at no time during the period under review was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

On 22 July 2002, a share option scheme (the "Scheme") was approved by the Company. The purpose of the Scheme is to provide incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include directors of the Company or any of its subsidiaries, independent non-executive Directors and employees of the Group, and suppliers of goods or services to the Group.

No share option has been granted by the Company under the Scheme up to the date of this report.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far is known to any Director of the Company, as at 31 March 2007, shareholders (other than Directors of the Company) who had interests or short positions in the securities of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly and indirectly interested in 5% or more of the issued share capital of the Company, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of substantial shareholder	Number of shares interested	Percentage of issued share capital
Fintage Asia Corporation	150,000,000 ⁽¹⁾	43.73
Kuo Hsing Holdings Limited	150,000,000 ⁽¹⁾	43.73
Li Kuo Hsing	150,000,000 ⁽¹⁾	43.73
Mei Ah Entertainment Group Limited	150,000,000 ⁽¹⁾	43.73
Mei Ah Holdings Limited	150,000,000 ⁽¹⁾	43.73
Chan Kwok Keung, Charles	38,000,000 ⁽²⁾	11.69
Chinaview International Limited	38,000,000 ⁽²⁾	11.69
Famex Investment Limited	38,000,000 ⁽²⁾	11.69
Galaxyway Investments Limited	38,000,000 ⁽²⁾	11.69
Hanny Holdings Limited	38,000,000 ⁽²⁾	11.69
Hanny Magnetics (B.V.I.) Limited	38,000,000 ⁽²⁾	11.69
ITC Corporation Limited	38,000,000 ⁽²⁾	11.69
ITC Investment Holdings Limited	38,000,000 ⁽²⁾	11.69
Mankar Assets Limited	38,000,000 ⁽²⁾	11.69
Ng Yuen Lan Macy	38,000,000 ⁽²⁾	11.69
Richeast Holdings Limited	38,000,000 ⁽²⁾	11.69
Ma Ho Man Hoffman	37,000,000	11.38
Shineidea Limited (controlled corporation of See Corporation Limited)	17,081,651	5.26%

(1) Refer to the same parcel of shares

(2) Refer to the same parcel of shares

CORPORATE GOVERNANCE

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review, with the exception of the deviation in respect of the appointment term of non-executive directors.

Under code provision A4.1, non-executive directors should be appointed for specific term. There is no specific term of appointment of the non-executive directors of the Company, however, they are subject to retirement by rotation in accordance with the Articles of Association of the Company. Accordingly the Company considers that sufficient measures have been taken to dealt with the requirement in respect of the appointment terms of non-executive directors as required under the code provision.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the period under review, the Company continued to adopt a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had also made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the nine months ended 31 March 2007.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the three months and nine months ended 31 March 2007.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls system of the Group.

On behalf of the Board
Li Kuo Hsing
Chairman

Hong Kong, 15 May 2007

The Board comprises of:

Mr. Li Kuo Hsing (*Executive Director*)
Mr. Tong Hing Chi (*Executive Director*)
Mr. Fung Wing, Wellington (*Executive Director*)
Dr. Yap, Allan (*Executive Director*)
Mr. Chan Kwok Sun, Dennis (*Executive Director*)
Mr. Lam Kin Kau, Mark (*Independent Non-executive Director*)
Mr. Law Kwok Leung (*Independent Non-executive Director*)
Mr. Fung Wing Keung (*Independent Non-executive Director*)